

McBreen & Kopko
Kenneth Reynolds, Esq. (KR3808)
Robert J. Spence, Esq. (RS3506)
Attorneys for Debtor and
Debtor-in-Possession
500 N. Broadway, Suite 129
Jericho, New York 11753
Tel: (516) 364-1095
Fax: (516) 364-0612

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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In re:

Scott A. Lake,

Debtor.

Chapter 11
Case No.: 09-71355-ast

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**AFFIDAVIT OF SCOTT A. LAKE PURSUANT TO RULE 1007-4
OF THE LOCAL BANKRUPTCY RULES**

STATE OF NEW YORK)
)ss:
COUNTY OF NASSAU)

SCOTT A. LAKE, being duly sworn, deposes and states:

1. I am the debtor and debtor-in-possession (the "Debtor") in the above-captioned case. This Affidavit has been prepared at my direction. I am familiar with my business and affairs and I have personal knowledge of the matters set forth herein

2. I submit this Affidavit pursuant to Rule 1007-4 of the Local Rules of Bankruptcy Procedure for the Eastern District of New York in support of the Debtor's petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code").

3. Except as otherwise indicated, all facts set forth in this affidavit are based upon my personal knowledge and upon information supplied to me by my employees, upon information learned from my review of relevant documents, or upon my opinion based upon my experience and knowledge of my business operations and financial condition. If called as a witness, I would testify to the facts set forth in this Affidavit. All financial statements are un-audited. This Affidavit is intended to provide a summary overview of my business and the events leading to the commencement of this Chapter 11 case.

5. Pursuant to Rule 1007-4 of the Local Bankruptcy Rules of the Eastern District of New York, I state as follows:

- (i) The Debtor is an individual engaged in the business of training thoroughbred horses. The Debtor resides at 2397 Byberry Road, Bensalem, Pennsylvania 19020. The Debtor is licensed to train thoroughbred horses in New York, Pennsylvania, Maryland, Delaware, Virginia, New Jersey, Florida and California. Prior to the Filing Date, the Debtor was indebted to the Internal Revenue Service for Federal Income Taxes in excess of 1.3 million dollars. The Debtor ultimately failed in his attempts to reach a payment agreement with the IRS which prompted the bankruptcy filing. The Debtor's financial difficulties were in large part caused by a misappropriation of funds in excess of 1 million dollars by the Debtor's former accountant Anthony Centrone.
- (ii) Not applicable;
- (iii) Not applicable;
- (iv) A list of each of the Debtors' 20 largest unsecured creditors filed pursuant to Bankruptcy Rule 1007(d) has been annexed hereto as Exhibit "A".
- (v) The Debtors' assets are secured by an Internal Revenue Service pre-petition lien in an amount of not less than 1.3 million dollars;
- (vi) A summary of the Debtors' assets and liabilities are as follows:

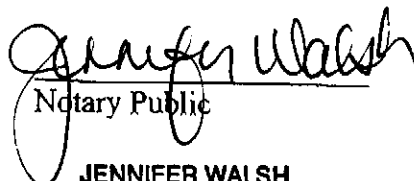
Assets: \$1,001,997.12
Liabilities: \$ 3,177,462.72

- (vii) The Debtor is a sole proprietorship;
- (viii) Not applicable;
- (ix) Belmont Race Track, 2150 Hempstead Turnpike, Elmont, New York 11003;
- (x) The Debtor's principal assets are his receivables generated from training horses. The Debtor maintains no interests in assets outside the territorial limits of the United States. The Debtor's records are respectively located in his New York office and Pennsylvania home;
- (xi) The imminent enforcement efforts by the IRS to collect upon their secured claims for unpaid payroll taxes;
- (xii) Not applicable;
- (xiii) The estimated 30-day payroll for regular employees totals approximately \$160,000.00.
- (xiv) The estimated payroll to Scott A. Lake, the sole proprietor totals approximately \$20,000.00 per month;
- (xv) Debtor's estimated receipts and disbursements for the 30-day period following the filing are as follows:
 - (a) Business Receipts: \$348,208.52
 - (b) Business Disbursements: \$307,386.54
 - (c) Accrued but unpaid receivables: \$20,000.00
- (xvi) Not applicable



Scott A. Lake

Sworn to before me this
15th day of April, 2009



Notary Public

JENNIFER WALSH
Notary Public, State of New York
No. 01WA6146066
Qualified in Nassau County
Commission Expires May 15, 2010